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SUBJECT: BUILDING SYNERGY: IMPROVING ECONOMIC PROSPECTS IN
CITE SOLEIL

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¶1. Summary: As part of a new effort to generate long term employment, the Haiti Stabilization Initiative (HSI) and USAID are encouraging private sector interest in Cite Soleil. Several major Haitian business figures are leading social welfare projects in Cite Soleil and are interested in providing technical assistance and vocational training to the impoverished and gang-ridden neighborhood. HSI, through USAID, may be able to provide some technical assistance. On a separate track, HSI organized a public forum to spark interest in re-entering Cite Soleil. Microfinance organizations as well as a micro-franchise cell phone program appeared willing to enter the Cite Soleil market. While security concerns and lack of infrastructure are still impediments to economic growth, there are promising developments such as Sogesol's public announcement at the forum that it would soon begin providing lending services in Cite Soleil. End Summary.

Business Leaders Playing Philanthropic Role

¶2. HSI and USAID representatives met with major Haitian business figures on October 4 to discuss comparative advantage, investment, and job creation in Cite Soleil. Participants included owners of businesses operating in Cite Soleil or its environs. HSI StabCoord provided an overview of HSI activities and invited attendees to suggest possibilities for collaboration. Rather than focusing on the needs of their own businesses however, participants discussed the social welfare projects they have initiated.

¶3. Several projects address the need to bring children in from the streets and provide them with educational opportunities and job prospects. Patrick Brun, owner of building materials company Batimat and board member of the nonprofit Haitian Project, is supporting a merit-based secondary school and an incubator program for entrepreneurs. He is also collaborating with the GOH as well as the private and NGO sectors to start a school for 1,600 children aged five to ten. They have the land, equipment, and staffing and are searching for another partner to help complete the modification of the building.

¶4. Gregory Mevs, a well-known and respected business leader, said Cite Soleil's history as a manufacturing center and port make it an ideal location for trade. The Chamber of Commerce is reaching out to small merchants to help them organize and see themselves as stakeholders in the future of Cite Soleil, according to Mevs. Paul Duret talked about the organic banana cooperative in the vicinity of Cite Soleil and the prospects for profitable urban agriculture in the area. Claudine Auguste, who owns a paving factory, formed a working group of 33 businesses that were pushed out of Cite Soleil due to gang violence. Auguste said the GOH Ministry of Finance earmarked funds to help restart these businesses but has yet to distribute them.

¶5. Several participants talked about lack of infrastructure and sanitation in particular. Trash collection in Port-au-Prince is still a major problem. During the rainy season, garbage from the capital washes down to Cite Soleil. Auguste is looking into the feasibility of a sanitation company that would recycle glass, metal, and plastics, and produce compost for sale. Business leaders expressed concern about maintaining security in Cite Soleil, but were also interested in vocational training for port workers, technical assistance, and access to capital.

Microfinance Community Interested

¶6. HSI presented a micro-entrepreneurship town-hall style forum on October 11 at the Mayor's office in Cite Soleil. The forum primarily addressed the issue of access to capital for small businesses. Panel participants included representatives from the microfinance and micro-insurance sectors, as well as a cell phone company with a micro-franchise program. The main objective of the forum was to encourage the microfinance sector to recognize

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opportunities for growth in Cite Soleil and to see the willingness of others to enter the market.

¶7. Cite Soleil Mayor Wilson Louis opened the forum to a crowd of over 100 community leaders. Panelists explained the services they provide, which range from micro-credit/savings and micro-insurance to literacy training, business skills training and technical assistance. These services can jumpstart small businesses and encourage growth and job creation among existing businesses. Currently only one of the organizations has a branch in Cite Soleil. Sogesol, the microfinance arm of the largest commercial bank in Haiti, Sogebank, brought two carloads of staff to the forum. The audience applauded when Sogesol President Pierre-Marie Boisson announced that Sogesol would start lending services.

¶8. Jean-Paul Faubert's presentation of a cell phone-based micro-franchise program generated considerable interest. Digicel, a major service provider in the Caribbean, and its affiliate Alo Communications have teamed together to offer EasyFlex, a free plan that allows clients to resell minutes in smaller increments at a profit. Faubert says similar plans are highly successful in African markets.

¶9. While a segment of the audience was more focused on obtaining handouts, not loans, many attendees were genuinely interested in the products on offer. A couple of dozen stayed after the conclusion of the forum to talk with the presenters. The panelists seemed enthusiastic about prospects in Cite Soleil. However, security remains a concern. Real Deschenes, who runs a community-based cooperative association and provides technical assistance to credit cooperatives in Haiti, said, "Without security there can be no financial sector." (Note: HSI has been very clear in stating to all that the purpose of the visits and meetings is to aid in advance planning for a return of businesses following the re-introduction of police, not before. End note.)

Next Steps

¶10. StabCoord said the first meeting generated a lot of ideas and provided 'more bricks to build with.' HSI is considering partnering with Brun on the school project (para 3) and will encourage the GOH Ministry of Finance to release the funding to Auguste's working group (para 4). Additionally, HSI plans to follow up regarding technical assistance and vocational training.

¶11. The micro-entrepreneurship forum, and particularly Sogesol's announcement, generated a critical mass of interest among panelists and community leaders. HSI intends to capitalize on this synergy by promoting the concept of a one-stop shop for financial services (credit, savings, business skills training, incubator services, etc) in Cite Soleil. Interested organizations could share security risks as well as overhead expenses in opening a new location in Cite Soleil. HSI might be able to help with certain infrastructure improvements and introductions to key leadership, with USAID providing technical assistance through its Support to Haiti's Microfinance, Small and Medium Enterprise Project (Haiti MSME).

Background

¶12. Community building activities form a main component of HSI. The program has launched a sizeable number of small infrastructure projects, generating both goodwill and short-term jobs. Additionally, the program has been working with GOH police and MINUSTAH to introduce community policing to the area. HSI formulated a two-track approach to build on these gains. The program is targeting macro- and micro-sectors to promote long-term job creation, economic opportunities, and lasting stability in Cite Soleil.

¶13. Comment: The business leaders' social welfare projects will only bear fruit over time. We are also working with

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them on providing for their non-monetary needs -- better qualified workers, technical assistance on implementing projects, and coordination. While Sogesol is ready to enter the market despite security concerns, the one-stop financial shop concept will take some months to get off the ground for the other microfinance institutions. Clearly, maintaining and increasing security is critical to the success of these efforts. Embassy will continue working with the Haitian National Police and MINUSTAH on this issue.
SANDERSON